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April 12, 1996

VIA HAND DELIVERY

Mr. William Caton
Acting Secretary
Federal Communications Commission
Room 222
1919 M Street, N.W.
Washington, DC 20554

RECEIVED

APR 12 1996

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

**Re: Kinko's, Inc.'s Comments In The Matter Of Federal-State Joint
Board On Universal Service (CC Docket No. 96-45)**

Dear Mr. Caton:

Kinko's, Inc. ("Kinko's"), by its attorneys, hereby submits for filing an original and six copies of their Comments in connection with the above-captioned matter.

Also enclosed is an additional copy of Kinko's Comments which we ask you to date stamp and return with our messenger.

If you have any questions, please do not hesitate to contact me.

Respectfully submitted,



Alfred M. Mamlet
Marc A. Paul
Counsel for Kinko's, Inc.

/srh-m
Enclosures

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**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of)
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Federal-State Joint Board on)
Universal Service)
_____)

CC Docket No. 96-45

KINKO'S, INC. COMMENTS

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Counsel for Kinko's, Inc.

Dated: April 12, 1996

SUMMARY

When enacting the Telecommunications Act of 1996 ("Telecommunications Act"), Congress recognized that:

[t]he rapidly developing array of Internet and other interactive computer services available to individual Americans represent an advance in the availability of educational and informational resources to our citizens.^{1/}

The use of Internet services, such as e-mail and the World Wide Web, are becoming essential and commonplace tools for communications, and for retrieval of critical educational, business, and government information.

Recent programs offered by some long distance carriers have made the Internet available for free to all Americans who already have a computer, modem and a printer in their homes. However, Internet access remains out of reach for millions of Americans who do not have the \$1500 necessary to acquire a computer, modem and printer.

The Commission has "invite[d] parties to discuss advanced services that may warrant inclusion" in universal service, including "Internet access availability."^{2/} Since access to the Internet has already become critical to educational and economic attainment, the universal service program must include access to this essential advanced information service. Providing the means to access the Internet is necessary to avoid Americans being divided into "information haves" and "information have-nots."

Kinko's, Inc. ("Kinko's") recognizes that not all Americans can afford to purchase a computer and necessary peripherals for their home. Similarly, it would be

^{1/} 47 U.S.C. § 230(a)(1).

^{2/} See Federal-State Joint Board on Universal Service, CC Docket No. 96-45, FCC 96-93 at ¶ 23 (rel. Mar. 8, 1996) ("Universal Service NPRM").

prohibitively costly for a universal support program to supply computers and peripherals to all Americans who cannot afford them.

To bridge this gap, Kinko's is considering offering Community Internet Access at hundreds of locations throughout the United States. Kinko's customers who do not have the necessary computer, modem and printer at their home will be able to send e-mail, search for a new job, and access the tremendous wealth of governmental, education and business information on the Internet. Millions of Americans will find affordable Internet access at Kinko's.

However, millions of other Americans -- those currently supported by the current universal service programs -- may find even Kinko's low prices beyond their means. The universal service support provided to these Americans for basic telephone services should be extended to include access to the Internet.

Universal service support for Internet access should take the form of supplying Internet vouchers to individuals who are unable to afford to buy a computer, modem and printer in their own homes. With Internet vouchers, individuals will be able to go to Community Internet Access centers (the Internet equivalent of telephone calling centers), provided by Kinko's and others, and obtain Internet access without having to incur the high cost of a computer, modem, and Internet access fees.

Community Internet Access would further the statutory universal service principles. Under the Telecommunications Act, universal service must permit "low-income consumers . . . [to] have access to telecommunications and information services, including . . . advanced telecommunications and information services. . . ."^{3/} The Internet is this country's most important and advanced information service. The bulk of e-mail is transferred over the Internet, and vast stores of educational, governmental, and business information is available over the Internet. An individual

^{3/} 47 U.S.C. § 254(b)(3).

without access to the Internet is deprived of access to the most critical advanced information services in the United States.

Universal service support for Community Internet Access also satisfies the Telecommunications Act's four criteria for a universal service program. **First**, the Internet has become essential to education, public health, and public safety. As Chairman Hundt has continually acknowledged, "it hurts children to go to schools that are cut off from the information age" because "the [Internet's] World Wide Web is the path to equal opportunity in education for all children in our country."^{4/}

The Internet has also proven its utility in maintaining public safety. For example, in the aftermath of the earthquake in Kobe, Japan, the Internet played a vital role as an alternate communications network. In addition, in the wake of the Oklahoma City bombing, Internet users posted news updates, photos, and emergency phone numbers on the Internet.

Second, a substantial majority of the public already has access to the Internet. Two long distance providers are offering free Internet access to their millions of long distance subscribers. Further, the proliferation of online service providers, such as America Online, Prodigy, CompuServe, and Internet service providers, such as UUNet, provide millions of individuals with Internet access.

Third, access to the Internet is currently deployed in public telecommunications networks by telecommunications carriers. These carriers include AT&T, MCI, Sprint, the Regional Bell Operating Companies ("RBOCs") and dozens of other companies.

Finally, Internet access is consistent with the public interest, convenience, and necessity. Connecting unemployed or underemployed individuals with available jobs will offer tremendous improvements to the economy. In addition, the

^{4/} See Speech by Chairman Reed Hundt to the Iowa Distance Learning Association Third Annual Conference at 2 (Mar. 1, 1996).

Internet is already the best source of much government information, and may soon be used for distribution of government services. Further, the Internet increases the flow of ideas in this country, and provides rapid communication at a fraction of the cost of current methods.

Like other communications networks, the value of the Internet increases with the number of users. Therefore, providing Community Internet Access will create positive network externalities that will benefit all Americans. For example, the cost of distributing government information and services will decrease significantly once all Americans have Internet access. Similarly, e-mail becomes even more valuable as more Americans are connected to the Internet.

These important Internet benefits should not be denied or delayed for millions of low-income Americans. As we enter the 21st Century, truly universal access to the Internet is vital for the competitiveness of individual Americans and the nation as a whole.

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**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

In the Matter of

Federal-State Joint Board on
Universal Service

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) CC Docket No. 96-45
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KINKO'S, INC. COMMENTS

I. INTRODUCTION

In its Universal Service NPRM, the Commission has "invite[d] parties to discuss advanced services that may warrant inclusion" in the universal service program, including "Internet access availability."^{1/} Since the Internet has already become an integral part of the nation's information services and communications network, the Commission should include Internet access as a critical component of the new universal service program. Without universal service support, the high cost of Internet access will deprive low-income consumers of the vast economic, educational, social, cultural and communications benefits of the Internet that are now enjoyed by millions of Americans.

The main barrier to Internet access is the \$1,500 cost of purchasing a computer, a modem and a printer. However, subsidizing individual purchases of computer equipment would be prohibitively costly and inefficient. Instead, the Commission should provide universal service support for "Community Internet Access" by supplying Internet vouchers to qualifying individuals. Internet vouchers could be

^{1/} See Federal-State Joint Board on Universal Service, CC Docket No. 96-45, FCC 96-93 at ¶ 23 (rel. Mar. 8, 1996) ("Universal Service NPRM").

used at Community Internet Access centers -- the Internet equivalent of calling centers -- to gain access to the wealth of critical information on the Internet.

Kinko's, Inc. ("Kinko's") is considering offering Community Internet Access at hundreds of locations throughout the United States. Kinko's customers who do not have the necessary computer, modem and printer at their home will be able to send e-mail, search for a new job and access the tremendous wealth of governmental, educational and business information on the Internet.

Universal service support for Community Internet Access would further the principles of universal service established by the Telecommunications Act of 1996 ("Telecommunications Act"). By promoting Community Internet Access, universal service would reduce the high cost of Internet access for low-income consumers, providing these consumers with access to the world's most comprehensive information service.

Community Internet Access would satisfy the Telecommunications Act's criteria for a universal service program because: (1) the Internet has become essential to education, public health, and public safety; (2) a substantial majority of the public already has access to the Internet through long distance companies, Regional Bell Operating Companies ("RBOCs"), Internet service providers ("ISPs"), online service providers ("OSPs") and others; (3) access to the Internet is currently deployed in public telecommunications networks by telecommunications carriers; and (4) Internet access is consistent with the public interest, convenience, and necessity. A universal service program to support Community Internet Access would ensure that Americans of all income levels are able to take advantage of the tremendous benefits of the Internet.

II. THE COMMISSION SHOULD PROVIDE UNIVERSAL SERVICE SUPPORT FOR COMMUNITY INTERNET ACCESS

Community Internet Access would further the statutory principles of universal service, and would satisfy the Telecommunications Act's criteria for universal service support.

A. Community Internet Access Will Provide Low-Income Consumers With Access To Advanced Information Services

Perhaps the most important principle of universal service established by the Telecommunications Act is that:

Consumers in all regions of the Nation, including **low-income consumers** and those in rural, insular, and high cost areas, **should have access to telecommunications and information services, including interexchange services and advanced telecommunications and information services**, that are reasonably comparable to rates charged for similar services in urban areas.^{2/}

Services offered over the Internet clearly meet the definition of "information services." Under the Telecommunications Act, an information service is the:

offering of a capability for generating, acquiring, storing, transforming, processing, retrieving, utilizing, or making available information via telecommunications, and includes electronic publishing, but does not include any use of any such capability for the management, control, or operation of a telecommunications system or the management of a telecommunications service.^{3/}

^{2/} 47 U.S.C. § 254(b)(3) (emphasis added). Related to this principle is also the universal service principle that "[a]ccess to advanced telecommunications and information services should be provided in all regions of the Nation." 47 U.S.C. § 254(b)(2).

^{3/} 47 U.S.C. § 153(41).

The Internet offers the "capability for generating, acquiring, storing, transforming, processing, retrieving, utilizing **[and]** making available information via telecommunications." For example, through the World Wide Web, Internet users can generate, acquire, retrieve, utilize, etc. business, education and government information with a few clicks of a mouse.

Indeed, the Joint Explanatory Statement of the Telecommunications Act specifically highlights the Internet as the leading example of "advanced telecommunications and information services":

New subsection (h)(2) requires the Commission to establish rules to enhance the availability of **advanced telecommunications and information services** to public institutional telecommunications users. For example, the Commission could determine that telecommunications and information services that constitute universal service for classrooms and libraries shall include dedicated data links and the ability to obtain access to educational materials, research information, statistics, information on Government services, reports developed by Federal, State, and local governments, and information services which can be carried over the **Internet**.^{4/}

While this statement was made in the context of access to information services for schools and health care providers under Section 254(h)(2), it clearly demonstrates that Congress recognized that the Internet was the primary example of "advanced telecommunications and information services," as used in Section 254(b)(3) as well. If Congress did not intend for the universal support to be given to Internet access, then Section 254(b)(3) would not have included the term "information." Since the Internet is the largest and most comprehensive information service in the world, it is clear that the statutory requirement to provide "access to advanced . . . information services" includes the Internet.

^{4/} Telecommunications Act of 1996, Conference Report Joint Explanatory Statement at 133 (emphasis added).

Although the Internet is the leading information service, there is a high cost barrier to Internet access because an individual must have access to a computer and modem, and also pay monthly access fees to an Internet service provider. These total costs are likely to be at least \$1500, placing them well out of reach of a low-income consumer. A universal service support mechanism, however, could break down this barrier to Internet access by permitting consumers to obtain Internet access at a fraction of the cost of conventional Internet access.

Basic telephone services are no longer enough for adequate communications in this country. Just as the Commission has recognized that touch-tone phone use is indispensable for telephone subscribers, and is entitled to universal service support, Internet access is essential for providing an inexpensive method of communicating, and acquiring access to information that is otherwise difficult to obtain.^{5/}

Internet access would greatly benefit low-income consumers. For example, the Internet can provide access to job databases for those who are unemployed or underemployed. The Internet is proliferated with World Wide Web sites that provide valuable information for individuals searching for a job. For example, six major newspapers list more than 35,000 jobs at the web site: <http://www.careerpath.com>.^{6/} For free, the web site allows those with Internet access to search the classified job listings for a particular job. Other web pages, such as CareerMosaic (<http://www.careermosaic.com>), provide users with the ability not only to peruse job listings, but to publish their resumes to potential employees world-wide. In short, the Internet can make a job search more efficient and less costly.

^{5/} Universal Service NPRM at ¶ 19.

^{6/} The newspapers currently included are: The Boston Globe, The Chicago Tribune, The Los Angeles Times, The New York Times, The San Jose Mercury News, and The Washington Post.

In addition, e-mail over the Internet could provide low-income consumers with an effective and efficient method of communicating with many people at a very low cost. Many people now use e-mail more often than the telephone. Sweden is planning to include e-mail listings in their next telephone book directory listings. For those with Internet access, it is far less expensive to send e-mail to domestic and international locations than to use traditional voice telephone services.

The government is already providing important information over the Internet. For example, the FCC's Internet web site offers a wide array of information (i.e., Report and Orders, Public Notices, Speeches, etc.) pertaining to various proceedings at the Commission.^{7/} The Internet web site of the Internal Revenue Service provides tax forms, instructions for filing, and answers to frequently asked questions.^{8/} The Department of Veterans' Affairs' web site provides information on veterans' services, education and training, medical care, home loan assistance, and insurance for veterans.^{9/} Indeed, in the years to come, the Internet may become a leading method of distributing government information and services to American citizens. For example, individual inquiries, registration, and dissemination of information for government programs, such as Welfare, Social Security, and Medicare, could be performed over the Internet at substantially reduced costs, and with greater efficiency. The tremendous potential value from distributing government information and services cannot be fully realized until all Americans have access to the Internet. Universal service support for Community Internet Access would accelerate the electronic distribution of these services.

^{7/} See <http://www.fcc.gov>.

^{8/} See <http://www.irs.ustreas.gov/prod/cover.html>.

^{9/} See <http://www.va.gov>.

B. Community Internet Access Satisfies The Statutory Criteria For A Service Entitled To Universal Service Support

The Telecommunications Act requires that, in determining which services should be supported by universal service, the Joint Federal/State board should determine the extent to which the services:

(A) are essential to education, public health, or public safety;

(B) have, through the operation of market choices by customers, been subscribed to by a substantial majority of residential customers;

(C) are being deployed in public telecommunications networks by telecommunications carriers; and

(D) are consistent with the public interest, convenience, and necessity.^{10/}

Community Internet Access satisfies all four criteria. However, as the Commission stated, the statutory language of the Act permits inclusion of "services that do not necessarily meet all four criteria."^{11/}

1. Community Internet Access Is Essential To Education, Public Health, And Public Safety

Community Internet Access provides the user with access to vast stores of information that are of educational value. As Chairman Hundt has continually stressed, "it hurts children to go to schools that are cut off from the information age" because "the [Internet's] World Wide Web is the path to equal opportunity in education for all children in our country."^{12/} Indeed, recognizing the educational necessity of Internet access, colleges and universities routinely issue free Internet accounts to

^{10/} 47 U.S.C. § 254(c)(1).

^{11/} Universal Service NPRM at ¶ 9.

^{12/} See Speech by Chairman Reed Hundt to the Iowa Distance Learning Association Third Annual Conference at 2 (Mar. 1, 1996).

students upon matriculation. Similarly, the Telecommunications Act contemplates universal service support for Internet access for secondary schools.^{13/}

The Internet also offers an indispensable mechanism for life-long learning to those who are not in school. The explosion of the World Wide Web has led government agencies, educational institutions, commercial businesses, charitable organizations, and others to offer literally millions of publications online, much of which contain educational information. For example, Cornell University's Internet web page (<http://www.cornell.edu>) allows users to access recent publications by professors in their astronomy department. Because of the sophistication of the Internet, users can not only read the text of these publications, but gain access to the informative and colorful diagrams accompanying the articles. Similarly, during the debate over the Telecommunications legislation in Congress, many web sites on the Internet provided users with access to the text of the Senate and House bills, thereby informing users of the substance of the legislation, and providing an educational lesson on the legislative process.

Internet access has also demonstrated its utility in maintaining public health and safety. The Internet was originally designed as an alternative communications network designed to withstand nuclear war. Today, the Internet provides an indispensable alternate network during natural disasters. For example, in the aftermath of the earthquake in Kobe, Japan, the Internet provided critical means of communications while voice telephone lines remained inaccessible or overcrowded:

When a devastating earthquake hit the port city of Kobe, Japan, in January, 1995, the earth was still shaking when Japanese students started using the internet to share information about the disaster with a worldwide audience. Even though phone lines failed and roads were impassable,

^{13/} 47 U.S.C. § 254(h).

the Net remained up and running, and became a vital link to the outside world.^{14/}

Closer to home, in the wake of the Oklahoma City bombing, individuals "posted news updates, photos, and emergency phone numbers electronically to the World Wide Web."^{15/}

2. A Majority Of The Public Already Has Access To The Internet

Two long distance providers have announced that they will provide free Internet access to all of their long distance customers.^{16/} This action alone makes the Internet available to a majority of Americans. Similarly, most of the RBOCs offer Internet services to business and residential customers.

In addition, America Online, CompuServe, Prodigy, and other OSPs offer Internet access to close to 10 million users.^{17/} Finally, there are hundreds of ISPs, such as UUNet, who offer Internet access to millions of other users throughout the country.

3. The Internet Is Deployed In Public Telecommunications Networks By Telecommunications Carriers

The Internet is being deployed in public telecommunications networks by telecommunications carriers. As mentioned above, certain long distance carriers are currently offering free Internet access to its long distance customers over the public telephone network. Similarly, RBOCs offer Internet access over their local networks.

^{14/} See Telecommunications: Gaining Access to the World, Technology & Learning at 79 (Nov. 1995).

^{15/} See Internet Community Mobilizes to Disseminate Disaster Information, Newsletter Database - M2 Presswire (April 28, 1995).

^{16/} See, AOL, MCI, and AT&T Vie For Roles As Leading Internet Service Providers, Online Newsletter (Apr. 1, 1996).

^{17/} See Online Audience at 9.8 Million Users in Wake of MSN, AOL Marketing, Information & Interactive Services Report (Oct. 20, 1995).

Of course, the Internet backbone itself resides in the telecommunications networks of the major long distance companies.

4. Community Internet Access Is Consistent With The Public Interest, Convenience And Necessity

Community Internet Access is also consistent with the public interest, convenience and necessity. As discussed above, the Internet offers enormous opportunities for significant economic, productivity and educational gains.

Simple network economics instructs us that all users of the Internet gain as each new user is added to the Internet.^{18/} This critical network externality will benefit all Americans. For example, each new Internet user with an e-mail account increases the number of people that can be reached by e-mail. On a larger scale, great efficiencies in the distribution of government information and services will be realized when all Americans have Internet access.

* * * * *

The Commission should provide universal service support for Community Internet Access. Community Internet Access "meets each of the criteria enumerated in Section 254(c)(1)."^{19/} Most importantly, Community Internet Access will allow low-income consumers to have the same economic, educational, public safety, and public interest benefits of Internet access that millions of Americans already enjoy.

^{18/} See, e.g., N. Economides and C. Himmelberg, *Critical Mass and Network Evolution in Telecommunications*, Toward a Competitive Telecommunications Industry, G. Brock (ed.) (1995).

^{19/} Universal Service NPRM at ¶ 58.

III. AN INTERNET VOUCHER SYSTEM IS THE MOST EFFECTIVE METHOD OF SUPPORTING COMMUNITY INTERNET ACCESS

For special services not in the "core" group of services traditionally entitled to Internet access, the Commission has asked what mechanisms should be used to implement these services.^{20/} Traditional universal service mechanisms, which place universal service support in the hands of a carrier, would not work with Internet access.^{21/} While \$15 will buy a basic telephone, it costs at least \$1500 to buy a computer, modem and printer. Therefore, providing subsidies to traditional telecommunications carriers, ISPs or OSPs on behalf of their residential customers will not overcome the high cost barriers many Americans have to Internet access from their homes. As Congress indicated, universal service cannot be expected to fund the purchase of computers and modems for low-income and rural consumers to gain access to the Internet.^{22/} At the same time, however, the Telecommunications Act requires the universal service program to increase "[a]ccess to advanced telecommunications and information services" to low-income consumers.^{23/}

Instead of funding the purchase of computer equipment for Internet access, the Commission should let private industry effectively use their capital resources to establish Community Internet Access Centers -- the Internet equivalent of calling centers^{24/} -- which would offer the public computers, modems, and printers for

^{20/} Universal Service NPRM at ¶ 59.

^{21/} For example, the High Cost Assistance universal service program provides reimbursement to local exchange carriers that experience local loop costs that are in excess of the national average. By defraying these local loop costs, the local exchange carriers are able to maintain for consumers lower rates for local exchange services.

^{22/} Senate Report on S.652 at 27.

^{23/} 47 U.S.C. § 254(b).

^{24/} Universal Service NPRM at ¶ 57 n.128.

Internet access. Internet vouchers could be distributed to qualifying consumers who could use them to gain access to the Internet at the Community Internet Access Centers. This is the most efficient means of furthering the Telecommunications Act's principle of increasing access to information services for low-income consumers.^{25/}

Internet access via schools and public libraries will not be enough to satisfy the demand for Internet access from all segments of the population, especially for low-income consumers. By their very nature, schools will not be accessible to adult consumers seeking to access the Internet to search for a job, or to obtain government information. Many public libraries will be insufficiently equipped to handle Internet access on a mass scale because they will lack sufficient resources to maintain computers, modems and a trained staff that can supervise Internet access for hundreds of consumers.^{26/} Although librarians applaud the Clinton Administration's goal to connect libraries to the information superhighway by the year 2000, these same librarians "cry out for federal assistance in providing equipment, connectivity and training."^{27/} In contrast, private industry can provide the necessary capital, trained personnel, and sufficient work space to efficiently offer Community Internet Access to low-income consumers.

^{25/} 47 U.S.C. § 254(b)(3).

^{26/} Indeed, many public libraries currently struggle to obtain funds for their book collections. According to one author, "[t]he price of the average adult hardcover book more than doubled between 1977 and 1990, to \$40. Periodicals [became] 400 percent more expensive. Yet in 1992, 42 percent of public libraries spent less than \$50,000 on operations; and 80 percent less than \$400,000. Deducting 65 percent for staff and 20 percent for general operations leaves a national average of 15 percent for collections. Although the average public library has received 7 percent budget increases in each of the past five years, publication costs quickly eat into its purchasing power. So does technology." Tibbett, L. Speer, *Libraries from A to Z*, American Demographics at 48 (Sept. 1995).

^{27/} Id.

Qualifying mechanisms for Internet vouchers could be similar to the mechanisms currently utilized for universal service programs. Under the Lifeline Assistance and Link-Up programs, universal service benefits are only available to persons who pass a "means" test.^{28/} A similar requirement could be placed on consumers for Community Internet Access.

IV. CONCLUSION

Community Internet Access will provide universal access to the Internet -- the fastest growing and most critical advanced information service in world history. Access to the Internet is critical for Americans of all ages. Community Internet Access will bring the important educational, economic and productivity gains that will allow all Americans to remain competitive as we enter the 21st Century.

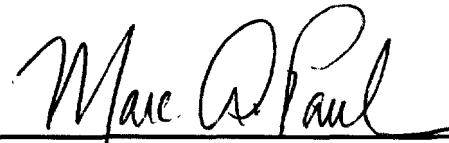
^{28/} Utilizing an established "means" test to determine who is entitled to Internet vouchers will serve to further the Telecommunications Act's universal service principle of creating "specific, predictable and sufficient Federal and State mechanisms to preserve and advance universal service." 47 U.S.C. § 254(b)(4).

America is at a critical juncture. The Internet is taking off. Community Internet Access is necessary to prevent millions of low-income Americans from being left behind.

Dated: April 12, 1996

Respectfully submitted,

KINKO'S, INC.

A handwritten signature in cursive script that reads "Marc A. Paul". The signature is written in black ink and is positioned above a horizontal line.

Alfred M. Mamlet

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CERTIFICATE OF SERVICE

I, Sandra R. Hammond-Murdico, do hereby certify that a copy of the foregoing **Kinko's, Inc.'s Comments** has been sent, via first class mail, postage prepaid, (or as otherwise indicated) on this 12th day of April, 1996 to the following:

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